CANADA – MANITOBA

SUBSIDIARY AGREEMENT

ON URBAN BUS INDUSTRIAL DEVELOPMENT

Canada

MANITOBA

CANADA-MANITOBA SUBSIDIARY AGREEMENT
ON URBAN BUS INDUSTRIAL DEVELOPMENT

THIS AGREEMENT, made this 4th day of JUNE, 1984.

BETWEEN: THE GOVERNMENT OF CANADA (herein referred to as "Canada"), represented by the Minister of Regional Industrial Expansion and the Minister of Transport,

OF THE FIRST PART,

AND: THE GOVERNMENT OF THE PROVINCE OF MANITOBA (herein referred to as "Manitoba"), represented by the Minister of Industry, Trade and Technology and the Minister of Highways and Transportation,

OF THE SECOND PART.

WHEREAS Canada and Manitoba have entered into an Economic and Regional Development Agreement (herein referred to as "the ERDA"), dated January 4, 1984, for the purpose and to achieve the objectives summarized as follows:

(a) to enhance the economic and regional development of the Province;

(b) to improve opportunities for the people of the Province to contribute to and benefit from the economic and regional development of the Province; and

(c) to contribute to the expansion of the national economy through the development of productive enterprise and employment in the Province;

AND WHEREAS the pursuit of the ERDA objectives provides, in part, for Canada and Manitoba to negotiate and enter into subsidiary agreements specifying measures for the economic and regional development of the province;

AND WHEREAS a Canada-Manitoba Memorandum of Understanding (herein referred to as an "MOU") on Transportation and Urban Bus Industrial Development signed in Winnipeg on December 8, 1983, sets out the understanding between Canada and Manitoba respecting the general scope of commitment by both governments to develop three, five-year subsidiary agreements under the ERDA for transportation and urban bus industrial development initiatives, of which the one described herein is the Subsidiary Agreement On Urban Bus Industrial Development;

AND WHEREAS the transportation equipment sector in Manitoba, in particular urban transportation, has been identified as a priority sector for development, and Canada and Manitoba have agreed on the following objectives to guide the development of this subsidiary agreement:

(a) more effective achievement of federal and provincial economic and industrial development objectives;

(b) increased transportation efficiency and effectiveness; and

(c) advancement of industrial technological capability in the transportation field;

with priority attention on:

(d) investment in facilities and services which will promote trade and industry with a view to encouraging economic activity in Manitoba; and

(e) support of transportation research and development generally but especially with respect to bus and other transportation equipment;

AND WHEREAS in pursuit of the ERDA objectives, Canada and Manitoba have agreed to undertake a broad range of economic and regional development initiatives in Manitoba to improve

opportunities for the people of the province while contributing to the expansion of the national economy, all of which are activities referred to in Schedule "A" as the development opportunity of this Agreement;

AND WHEREAS Canada and Manitoba are prepared to make contributions to provide resources, including financial assistance not available under other existing government programs, in accordance with the terms and conditions set forth herein;

AND WHEREAS the Governor-in-Council by Order-in-Council P.C. 1984-1948 of the 1 day of JUNE, 1984 has authorized the Minister of Regional Industrial Expansion and the Minister of Transport to execute this Agreement on behalf of Canada;

AND WHEREAS the Lieutenant-Governor-in-Council by Order-in-Council 411/84 of the 4 day of APRIL 1984 has authorized the Minister of Industry, Trade and Technology and the Minister of Highways and Transportation to execute this Agreement on behalf of Manitoba;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises, covenants and agreements herein contained, the parties covenant and agree as follows:

1. DEFINITIONS

1.1 In this Agreement:

(a) "Federal Ministers" means the Minister of Regional Industrial Expansion and the Minister of Transport, and includes any persons authorized to act on their behalf;

(b) "Provincial Ministers" means the Minister of Industry, Trade and Technology and the Minister of Highways and Transportation, and includes any persons authorized to act on their behalf;

(c) "Principal Federal Minister" means the Minister of Regional Industrial Expansion and includes any person authorized by him to act on his behalf;

(d) "Principal Provincial Minister" means the Minister of Industry, Trade and Technology and includes any person authorized by him to act on his behalf;

(e) "Ministers" means the federal Ministers and the provincial Ministers;

(f) "Principal Ministers" means the principal federal Minister and the principal provincial Minister;

(g) "Parties" means the Government of Canada and the Government of the Province of Manitoba;

(h) "Management Committee" means the committee established pursuant to section 3;

(i) "Implementing Jurisdiction" means a party or its agent which has the responsibility of delivering programs or projects under this Agreement;

(j) "Program" means a principal component of this Agreement, which components are outlined in Schedule "A" to this Agreement;

(k) "Project" means a sub-division of a program;

(l) "Capital Project" means any project as determined by the Management Committee, in which land acquisition, construction or related activities are involved;

(m) "Fiscal Year" means the period commencing on April 1 of any year and terminating on March 31 of the immediately following year; and

(n) "Province" means the Province of Manitoba.

2. PURPOSES, OBJECTIVES AND SUBJECT MATTER

2.1 The purposes of the Agreement are:

(a) to provide a means for Canada and Manitoba to establish Winnipeg as a national centre of expertise for the technological development and manufacture of advanced urban buses and other related industrial products by developing a plan principally focussing on the areas of research and development, prototype development and demonstration as more fully described and set out in Schedule "A" of this Agreement; and

(b) to provide for contributions of federal and provincial funds, as more fully described and set out in Schedule "B" of this Agreement, in accordance with respective federal and provincial guidelines and procedures, for the purpose of implementing the plan referred to in section 2.1(a).

3. MANAGEMENT AND COORDINATION

3.1 As of the date of the execution of this Agreement, a Management Committee comprised of four voting and two ex officio members is hereby established and this Management Committee shall be responsible for the general administration and management of the development opportunity.

3.2 The four voting members of the Management Committee shall be comprised of two members appointed by the Federal Ministers, one being designated by the Principal Federal Minister as co-chairperson, and two members appointed by the Provincial Ministers, one being designated by the Principal Provincial Minister as co-chairperson.

3.3 The two ex officio members shall be appointed to the Management Committee pursuant to section 6.3 of ERDA.

3.4 A voting member of the Management Committee may, in writing, authorize a person to attend and to vote at the meetings of the Management Committee on behalf of that member.

3.5 The powers, duties and functions of the Management Committee are:

(a) to approve all procedures in respect of its own meetings, including rules for the conduct of meetings and the making of decisions where the members are not physically present in one place;

(b) to approve cost-shared projects and to review projects that are not cost-shared. Appropriate project documentation forms as specified in section 4.6 shall be required by the Management Committee before approval is given or review is undertaken;

(c) before April 1 of each year during which this Agreement is in effect, to prepare a work plan identifying which of the projects referred to in Schedule "A" are to be carried out in the year and by whom, the date by which the Management Committee anticipates that those projects will be completed, and the budgeted amounts to be contributed by each party to eligible costs for each project in the year;

(d) to approve the establishment of appropriate project advisory committees, including technical and public information committees as required, and arranging for the attendance of representatives from other departments, agencies and the private sector at Management Committee meetings where their presence could

contribute to the effectiveness of the Management Committee;

(e) to recommend annually to Ministers estimates of proposed expenditures for each fiscal year;

(f) to submit progress reports to Ministers prior to the annual meeting of ERDA Ministers referred to in section 5.1 of the ERDA, or as requested;

(g) to prepare financial statements for the purposes of section 6.4 of the ERDA which is to develop, each year on a quarterly basis, an estimate of actual and anticipated cash flows by year and by program;

(h) to ensure a full and free flow of information between the parties;

(i) where the Management Committee identifies significant human resources implications in respect of any project hereunder, to consider a human resources plan for that project which may include affirmative action and recruitment of labour through Canada Employment and Immigration Commission (CEIC) as appropriate;

(j) to develop and implement a communications strategy and public information program subject to section 7 of the ERDA and to be responsible for the review and management thereof;

(k) to authorize the transfer of funds from one project to another project in the same program of Schedule "B";

(l) to ensure that all contracts incorporate all relevant provisions of this Agreement;

(m) to meet at least once a year for the purposes of this Agreement;

(n) to appoint co-secretaries to assist the Management Committee;

(o) to meet with representatives of federal and provincial departments or agencies or other appropriate persons to facilitate cooperation and public good will in the management of the Agreement;

(p) to add, amend, or delete any project under this Agreement where it considers that the purposes and objectives of this Agreement would be furthered by that addition, amendment, or deletion; and

(q) to carry out any other duties, powers, or functions specified elsewhere in this Agreement or such as may be assigned to the Management Committee by the Ministers by agreement in writing.

3.6 A quorum for all meetings of the Management Committee shall be two members of whom one shall be the federal co-chairperson or a designate and one shall be the provincial co-chairperson or a designate.

3.7 Canada or Manitoba shall, subject to the provisions of this Agreement, undertake the implementation of projects as determined and approved by the Management Committee.

3.8 Decisions of the Management Committee shall be acted upon only if taken unanimously either by its members or their designates present and voting at a meeting or in accordance with section 3.5(a).

3.9 When there is not a unanimous decision by the Management Committee, the issue shall be referred to the Principal Ministers, whose decision will be final.

3.10 The Principal Ministers may, in writing, transfer funds from one program to another program of Schedule "B".

3.11 The Management Committee, subject to section 4.3, shall continue to exist and operate for such period as is required to carry out its function.

4. ADMINISTRATION

4.1 To achieve the objective outlined in section 2, Canada shall undertake and pursue, in accordance with its laws and policies, the programs outlined in Schedules "A" and "B" for which it is responsible in accordance with the terms and conditions of this Agreement.

4.2 To achieve the objective outlined in section 2, Manitoba shall undertake and pursue, in accordance with its laws and policies, the programs outlined in Schedules "A" and "B" for which it is responsible in accordance with the terms and conditions of this Agreement.

4.3 This Agreement shall commence on and take effect from the date on which it is signed by the Ministers and shall terminate on March 31, 1989, or such earlier date as may be agreed to in writing by the Principal Ministers. Subject to section 6.7, no project may be approved after the termination date of this Agreement and no project completion date shall extend beyond March 31, 1990, and no claim shall be paid by the parties unless it is received by March 31, 1991.

4.4 Where one party hereto is responsible for the implementation of a project, it shall indemnify and save harmless the other party, its officers, servants and agents, against all

claims and demands of third parties in any way arising out of the implementation of such initiative, except to the extent to which such claims or demands relate to the act or negligence of any officer, employee, or agent of the other party.

4.5 Where the ongoing responsibility for the operation, maintenance and repair of any project hereunder is to be vested in a third party, the contractual arrangements made between the implementing jurisdiction and the said third party shall provide a clause in order to save Canada and Manitoba harmless from any claims, demands, actions, and causes of action which may be made against them arising out of the operation, maintenance and repair of any such project.

4.6 Each project approved under this Agreement shall be described in an appropriate project authorization form which shall include the project name and description, the implementing jurisdiction, the purpose and objectives, a definition of eligible costs, the effective date, an outline of how the project is to be carried out and progress reported, the completion date, performance data to be provided, the identification of term or temporary staff employed for the implementation of the project, the total funds required and the share to be borne by each of the parties involved, the ownership and responsibility for the operation and maintenance of the project after completion, arrangements for public information and evaluation, and an indication whether revenue accruing from the project is shareable between Canada and the Province, and if so, in what proportion, and such other information as may be required by the Management Committee.

4.7 If during the term of this Agreement the implementing jurisdiction for a cost-shared project, one of its agencies or some other entity through which it may carry out its implementation responsibilities hereunder becomes entitled to receive any income, earnings, or other payment of any kind from a third party as a direct consequence of having undertaken the implementation of a project under this Agreement, the shareable costs for that project shall be reduced by an amount equivalent to the amount of such payment unless the Management Committee decides to the contrary in a particular case.

4.8 If during the term of this Agreement the implementing jurisdiction takes steps which result in:

(a) a use of real property or capital equipment acquired under this Agreement which is inconsistent with this Agreement; or

(b) a sale or other disposition of real property or capital equipment acquired under this Agreement to a non-governmental entity; or

(c) a reconveyance to or recovery by the implementing jurisdiction of real property or capital equipment from a third party pursuant to the terms of any prior sale or other disposition to such third party by the implementing jurisdiction;

the eligible costs for that project shall be reduced by an amount to be determined by the Management Committee.

4.9 All reports, documents, plans, maps and other materials prepared by any party or their agent under a project pursuant to this Agreement shall become the property of the implementing jurisdiction and it shall share with the other party any reports, documents, plans, maps and other materials which it acquires as a result of carrying out its responsibilities under this Agreement.

4.10 All reports, documents and other material arising or resulting from any project cost-shared under this Agreement shall be under the joint administration, management and control of Canada and Manitoba.

4.11 With respect to infrastructure to be built pursuant to a project under this Agreement, a local agreement shall be entered into, clarifying the apportionment of costs between the parties hereto and third parties, responsibilities for construction, ownership, operation and maintenance of such local infrastructure among all jurisdictions prior to the undertaking of such works.

5. CONTRACT PROCEDURES

5.1 All contracts awarded by the parties shall be awarded and administered in accordance with normal administrative and management procedures of the implementing jurisdiction.

5.2 The implementing jurisdiction shall ensure that Canadian goods and services shall be used in carrying out any project hereunder to the full extent to which they are procurable consistent with proper economy and expeditious carrying out of such project.

5.3 For cost-shared projects, requests for proposals and calls for tenders shall be approved in advance by the Management Committee.

5.4 All calls for tenders or announcements of contract awards for cost-shared projects shall be jointly approved by Canada and Manitoba.

5.5 The Management Committee shall jointly agree on the selection of the successful tenderer for cost-shared projects.

5.6 Any contract awarded pursuant to this Agreement shall provide that:

(a) any member of the Management Committee, or a duly authorized representative, shall be permitted to inspect the subject matter of the contract at all reasonable times;

(b) recruiting of labour shall be conducted through the offices of the Canada Employment and Immigration Commission (CEIC) unless the Management Committee considers, after consultation with CEIC, that this service cannot reasonably be provided;

(c) all activities shall be conducted in accordance with human rights legislation of the implementing jurisdiction, and where the implementing jurisdiction is Manitoba it shall, where necessary, apply to the Manitoba Human Rights Commission for approval of any proposed program to promote the socioeconomic welfare and equality of a disadvantaged group; and where the implementing jurisdiction is Canada, any special program designed to prevent or eliminate or reduce disadvantages suffered by any group of individuals by improving opportunities for goods, services, facilities or employment shall be submitted to the Canadian Human Rights Commission for advice and assistance;

(d) with regard to the applicability of labour standards, the parties agree that there shall be the following minimum standards:

(i) rates of pay shall be those prevailing in the area of employment for each classification of work, subject to the minimum wage specified in provincial legislation;

(ii) in building construction, the rate of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 48 hours per week;

(iii) in road and heavy construction, the rate of pay for overtime shall be time and one-half the specified prevailing rate of pay after the hours stipulated for purposes of overtime payment in the relevant provincial standards, which shall in no case be more than 50 hours per week; and

(iv) labour conditions shall be specified in all tendering documents and contracts and shall be posted conspicuously in the work place;

it being expressly understood and agreed that to the extent that there are higher provincial standards applicable to particular occupations or regions, these higher provincial standards shall apply; and

(e) a suitable indemnity clause or insurance policy be provided for the benefit of both parties.

6. FINANCIAL

6.1 Canada and the Province shall contribute to the costs of this Agreement as indicated in Schedule "B" hereunder but the contribution of Canada shall not exceed fifty percent (50%) of the total and the contribution of Manitoba shall not exceed fifty percent (50%) of the total.

6.2 Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Parliament of Canada for the fiscal year in which such funds are required, Canada's contribution under this Agreement shall not exceed $25,000,000.

6.3 Subject to the terms and conditions of this Agreement and subject to the funds being made available by the Legislative Assembly of the Province for the fiscal year in which such funds are required, the Province's contribution under this Agreement shall not exceed $25,000,000.

6.4 Costs of a project shall include only those costs incurred in the performance of the project as determined and approved as "Eligible Costs" by the Management Committee.

6.5 "Eligible Costs" include reasonable costs incurred by a party for the purposes of this Agreement that are:

(a) invoiced to a party under a contract made under this Agreement for goods or services;

(b) any other cost which is expressly described as an eligible cost in the project authorization form referred to in section 4.6;

but shall not include costs which are:

(c) any salary or benefits paid by either party to any of its permanent employees of a government department except as stated in section 6.7;

(d) any amount for the use by a party of any fixed assets which are the property of that party or any overhead or indirect costs which are incurred by that party;

(e) any cost overrun in excess of the eligible costs budgeted pursuant to section 3.5(b) unless

(i) the party implementing the project giving rise to the overrun informed the Management Committee immediately it became aware that a cost overrun was probable; and

(ii) the Management Committee approved the treatment of the amount as an eligible cost; or

(f) any other exception expressly described in this Agreement.

6.6 The parties shall make best efforts to assist in the acquisition of lands and interests in lands that may be required for any project.

6.7 In the event that it becomes necessary for land to be acquired by expropriation, the following provisions shall apply notwithstanding any other clause of this Agreement;

(a) a claim may be made by the implementing jurisdiction at any time prior to March 31, 1991 for the amount which it estimates will be the total cost of acquisition for the expropriated land. Such claim will be promptly paid by the other party. If the amount claimed is in excess of the final cost of acquisition the implementing jurisdiction shall account for and repay any surplus amount upon final determination of the total costs of acquisition.

(b) the cost of acquisition of any expropriated land shall be the amount that the Land Acquisition Branch of the Department of Government Services of the Manitoba Government invoices the implementing jurisdiction for which the land is being acquired. The invoiced amount shall be calculated according to the normal procedures used by the Land Acquisition Branch and may include any costs incurred by the Branch in arriving at due compensation. Examples of such costs are:

(i) due compensation as determined pursuant to The Expropriation Act;

(ii) the normal hourly charge of the Land Acquisition Branch for its services;

(iii) land value appraisal commission charges;

(iv) court costs; and

(v) non-governmental experts and consultants retained by the Government of Manitoba to assist in the determination of due compensation.

6.8 The Provincial Department of Finance shall be responsible for financial co-ordination of projects carried out by provincial departments and agencies under this Agreement.

7. PAYMENT PROCEDURES

7.1 Each implementing jurisdiction shall be responsible in the first instance to pay all eligible costs of implementing projects under this Agreement.

7.2 Subject to sections 6.2 and 6.3 the implementing jurisdiction shall be entitled to recover from the other party, that party's share of the shareable costs which it has incurred

and paid on jointly approved cost-shared projects under Schedule "B".

7.3 Claims for cost-shared projects shall be processed on "Gross Accounting " basis where, for the purpose of this Agreement, claims shall be paid by each implementing jurisdiction in the full amount as submitted by the other party and not "netted" against other claims.

7.4 Each party shall provide to any member of the Management Committee on request all information that will indicate the work that has been undertaken or completed and the costs incurred with respect to any project.

7.5 Claims for eligible costs actually incurred and paid shall be submitted promptly on a quarterly basis by the implementing party in a form and verified in a manner satisfactory to the Management Committee and certified, as the case may be, by a senior officer of the federal Department of Regional Industrial Expansion or by a senior officer of the provincial Department of Finance and in this case bear a provincial audit certificate.

7.6 Each implementing jurisdiction shall maintain proper and accurate accounts and records relating to the costs of projects undertaken pursuant to this Agreement, and the implementing jurisdiction shall upon reasonable notice make such accounts and records available for projects under Schedule "B" at all reasonable times for inspection and audit by the other party.

7.7 Any discrepancy indicated by an audit between the amounts paid by each of the parties in respect of a project and the amounts payable by them hereunder shall be promptly adjusted.

8. ENVIRONMENTAL ASSESSMENT

8.1 Canada and Manitoba agree that in the implementation of projects under this Agreement consideration shall be given to the environmental impact of projects initiatied. Further, it is agreed that for projects under this Agreement in which the implementing jurisdiction is Manitoba, the intent and procedures of the Manitoba Environmental Assessment and Review Agency shall be followed. For projects under this Agreement in which the implementing jurisdiction is Canada, the intent and procedures of the Federal Environmental Assessment and Review Process shall be followed. Nothing in this Agreement prevents either agency from arranging to act on the behalf of the other.

9. PUBLIC INFORMATION

9.1 Parties to the Agreement agree to cooperate in public information activities for actions undertaken through programs listed in Schedule "A".

9.2 In all public information activities, the parties shall be guided by the principles that all interested persons should be kept informed, that the contributions of both parties should be fairly acknowledged, and that both parties should have a fair opportunity to participate.

9.3 For cost-shared projects hereunder, announcements, official opening ceremonies, release of reports and other public information activities shall be arranged jointly by the co-chairpersons of the Management Committee. Subject to sections 3.5(j), 9.1 and 9.2, for projects other than cost-shared projects, announcements, release of reports etc., shall be arranged by the

Principal Federal Minister for such projects implemented by Canada or by the Principal Provincial Minister for such projects implemented by Manitoba.

9.4 The Management Committee shall develop a system to disseminate information to the parties and to the public within a reasonable period of time as required in section 3.5(j).

9.5 Canada and the Province agree, on the direction of the Management Committee:

(a) to supply, erect and maintain, during the course of construction of a capital project, a project sign consistent with federal-provincial identity graphics guidelines, in both official languages. These shall be erected within one month of the commencement of the project, specifying that the relevant project is a Canada-Manitoba Urban Bus Industrial Development Project, financed by contributions from the Departments of Regional Industrial Expansion and Transport of the government of Canada (and any other federal agency, where relevant) and the government of the Province of Manitoba, or such other wording to the like effect as may be agreed upon by the Principal Ministers; and

(b) where relevant, upon completion of each project, to supply, erect and maintain a permanent sign or plaque to the effect set forth in section 9.5(a).

9.6 Costs pursuant to sections 9.2 and 9.5 are eligible project costs under this Agreement.

10. EVALUATION

10.1 During this Agreement, Canada and Manitoba shall evaluate the activities taken hereunder for the purposes hereof

and shall provide each other with all relevant information as may be reasonably required for such evaluations.

10.2 Prior to September, 1984 the Management Committee shall develop a plan for evaluating projects under this Agreement and shall ensure that baseline studies, monitoring systems, and progress reports are effected.

10.3 The plan shall identify major evaluation issues, the character and timing of data collection, responsibilities for data collection and responsibilities for evaluation activities.

10.4 This Agreement shall be jointly reviewed during the fiscal year commencing April 1, 1987 to consider all aspects of the Agreement including progress under projects, the Agreement's objectives and strategy, current circumstances and federal and provincial priorities.

10.5 A comprehensive evaluation report shall be submitted to the Ministers within twelve months of the termination of this Agreement.

11. GENERAL

11.1 This Agreement may be amended from time to time by the written agreement of the Principal Ministers. It is expressly understood and agreed, however, that any amendment to the time-frame indicated in section 4.3, to the contributions indicated in section 6.1 or the financial limitations expressed in sections 6.2 and 6.3 shall require the prior approval of the Governor-in-Council and the Lieutenant-Governor-in-Council.

11.2 Nothing in this Agreement is to be construed as authorizing one party to contract for or to incur any obligation on behalf of the other or to act as agent for the other.

11.3 All property, including patents, copyrights, and other intellectual property and any revenue, acquired as a result of the work shall be disposed of, licensed, or otherwise dealt with as the Principal Ministers may from time to time determine.

11.4 This document and Schedules "A" and "B" form the entire Agreement.

11.5 No member of the House of Commons of Canada or the Legislative Assembly of the Province of Manitoba shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Ministers of Regional Industrial Expansion and Transport, and on behalf of the Province of Manitoba by the Ministers of Industry, Trade and Technology and Highways and Transportation.

IN THE PRESENCE OF:

Witness

Witness

GOVERNMENT OF CANADA

Minister of Regional Industrial Expansion

Minister of Transport

GOVERNMENT OF THE PROVINCE OF MANITOBA

Witness

Witness

Minister of Industry, Trade and Technology

Minister of Highways and Transportation

SCHEDULE "A"

CANADA-MANITOBA SUBSIDIARY AGREEMENT ON URBAN BUS INDUSTRIAL DEVELOPMENT

I. BACKGROUND [Not forming part of the definitions of Programs]

INTRODUCTION

The transportation equipment industry has been identified by the Governments of Canada and Manitoba as a priority sector for development in Manitoba. The strategy is to build upon Manitoba's existing industrial base by focussing on high technology opportunities having national and international markets. It is in this development context that the federal government and the government of the Province of Manitoba signed a Memorandum of Understanding on Transportation and Urban Bus Industrial Development (MOU) under the Canada/Manitoba Economic and Regional Development Agreement (ERDA) on December 8, 1983.

The purpose of the MOU was to set out the understanding between Canada and Manitoba respecting the general scope of commitment by both governments to develop three, five-year subsidiary agreements under the ERDA, and to establish a framework for their negotiation. One of the three subsidiary agreements, the Urban Bus Industrial Development Subsidiary Agreement, provides a means for Canada and Manitoba to establish Winnipeg as a national centre of expertise for the technological development and manufacture of advanced urban buses and other related industrial products by developing a plan principally focussing on the areas of research and development, prototype development and demonstration. Canada and Manitoba also concur that if deemed feasible, the demonstration phase will occur along a dedicated roadway in the city's Southwest Corridor.

THE ECONOMIC DEVELOPMENT FRAMEWORK

A new Economic and Regional Development Agreement (ERDA) between Canada and Manitoba was announced on November 25, 1983. The new Agreement is a successor to the General Development Agreement (GDA) which expired on March 31, 1984. It provides for the continuation and enhancement of federal-provincial economic planning and programming, with increased emphasis on joint planning and analysis to determine areas for development within a mutually agreed-upon framework.

The objectives of the ERDA can be summarized as follows:

- to enhance the economic and regional development of the Province;
- to improve opportunities for the people of the Province to contribute to and benefit from the economic and regional development of the Province; and
- to contribute to the expansion of the national economy through the development of productive enterprise and employment in the Province.

To achieve these objectives Canada and Manitoba will undertake to:

- facilitate joint economic studies or joint planning in support of the economic and regional development of Manitoba;

- apply, amend or redirect existing programs and policies in the economic and regional development of Manitoba; or

- develop new policy or program initiatives where none presently exist.

The fundamental issues to be addressed over the medium to long term are the productivity and competitiveness of Manitoba's industrial base; growth in output and earned incomed based upon selective expansion of the economic base; and to the extent possible, a reduction of basic social and economic disparities within the province's various regions. Manitoba does not require severe structural change to achieve greater economic prosperity, although adjustments may be required in specific areas. Rather, a development process is anticipated that reflects incremental gains throughout the economy based upon existing strengths. This process will require a greater degree of concerted effort between governments and between the public and private sectors.

Canada and Manitoba have agreed to pursue a balanced growth model for the province that will continue to provide a visible link between the industrial/commercial economies of central Canada and the resource-based economies of the West. This commitment, and an assessment of the major development issues facing the province, has led to the following strategic priorities:

- productivity and adjustment measures are required to strengthen the existing provincial economy and make it more competitive domestically and internationally;

- new investment in both goods and service-producing sectors is required to strengthen income and employment growth; and

- the City of Winnipeg must continue to provide a focal point for economic development given its concentration of manufacturing and service industries, its cosmopolitan amenities and mature infrastructure and the importance of all of these to the development process.

It is within the above economic framework that the urban bus initiative has been developed.

This industrial initiative addresses the strategic priorities for development in Manitoba by contributing to the objectives of the Canada-Manitoba ERDA. The establishment of Winnipeg as a centre of expertise for the technological development and manufacture of advanced urban buses and other related industrial projects supports strategic priorities outlined earlier by strengthening the domestic and international competitiveness of the bus industry, by strengthening income and employment growth, and by strengthening the City of Winnipeg as a focal point for economic development given its concentration of manufacturing and service industries. Additionally, the urban bus initiative contributes to the objectives of the ERDA by enhancing the economic and regional development of Manitoba, by improving opportunities for the people of Manitoba and by contributing to the expansion of the Canadian economy through the development of a national centre of expertise for advanced urban bus technology.

THE DEVELOPMENT OPPORTUNITY - URBAN BUS INDUSTRIAL DEVELOPMENT

World-wide demand for advanced, energy-efficient, productive, high technology transportation equipment is expected to increase into the twenty-first century, in both developed and developing countries. The bus industry in the Western industrial world, in particular Europe, Japan and the United States, is positioning itself to respond to this expected demand. The industry in Canada

must move quickly to capture a share of this new technology in order to participate in world and domestic markets. In summary, Canada has a major opportunity to develop and sell bus technology in the world market.

In terms of technology opportunities, the transportation equipment industry stands at the threshold of a cycle of new development. The advent of the microprocessor, CAD-CAM, robotics automation, new production techniques and new materials offer great opportunities for productivity improvements. These opportunities must be seized if Canadian industry is to be competitive. The need for energy-efficient transportation is dictating a new approach to vehicle design including the adoption of new concepts in motive power, transmission units, energy recovery devices and the exploration of new power sources. In addition, the nature of the demand for transportation vehicles is changing. There is an increasing demand for "special" vehicles to serve specific market segments. Third World countries require knocked-down vehicles and sub-systems for local assembly and economic conditions dictate vehicles which offer greater transportation productivity per dollar invested.

Manitoba is well-positioned to participate in this industrial development opportunity. The province, with three major manufacturers and a number of smaller job-shop companies, is the capital of Canada's indigenous bus industry with companies manufacturing urban transit buses including trolleys, intercity coaches, school buses and special purpose vehicles. These companies are supported by an array of suppliers, machine shops and component manufacturers. It is estimated that approximately 2,000 people are employed, directly and indirectly, by the bus industry in Manitoba. Manitoba also has considerable industrial strength and diversity in related industries, with, for example, a composite material plant, a steel rolling mill and a high-technology seamless aluminum forging facility.

The selection of Winnipeg as a national centre for the development of advanced bus technology is a recognition that Canada's economy is strengthened and enhanced through the development of regional economies in accordance with the dictates of comparative advantage. The urban bus development initiative could contribute to some of the broader economic development objectives in Manitoba.

DEVELOPMENT PLAN

The Canada-Manitoba Subsidiary Agreement on Industrial Development (1978-83) identified key industries for priority efforts, specifically the transportation industry including urban bus and aerospace, electrical and electronics, machinery, metal fabricating, food and beverage and health-care products. In the latter stages of the Agreement analysis of industrial opportunities focussed on a number of strategic areas including urban buses, electrical products and electronics/communications. This initiative represents a targetted continuation of the priority attached to the transportation equipment sector.

To develop this initiative Canada and Manitoba undertook an intensive investigation of the requirements to establish Winnipeg as a national centre of expertise for the development and manufacture of advanced urban buses and related industrial products. A variety of technological options that could lead to a development program for advanced urban buses and industrial products were examined and the implementation requirements including existing and potential participants, project management, organizational and operational mechanisms were identified. This process has resulted in the programs outlined below.

II. DEFINITION OF PROGRAMS

Program A - RESEARCH AND DEVELOPMENT

The objective of this program is to pursue selected technologies identified as strategic to the development of an advanced urban bus industry in Manitoba. During the development of this initiative a world-wide scan of urban bus and related technologies was undertaken to identify the most promising areas of technology. Five technological areas were identified as offering potential to achieve the industrial development objectives of the Urban Bus Industrial Development Subsidiary Agreement. They are Modular Body Design, Composite Body Design, Off-Board Diagnostic Systems, Transit Vehicle Information Systems and Hydraulic Energy Storage. These five areas, however, do not represent all of the activities that may be pursued under this Agreement. Although these five areas of technology are the initial activity focus, other technological areas may be identified during the course of this Agreement. Indeed, because of the rapidly changing technological environment, projects under this program will be constantly reassessed. Additionally, because each technology is at a different stage of development, flexibility will be required in the arrangements for implementing projects under this program. The Research and Development program will be tailored to the specific needs of each project and may include preliminary market analysis, compilation of a data base, identification of product and production design options, preparation of design specifications, preliminary design and development and other activities as deemed appropriate. For activities under this program, the participation of industry and other interested parties will be pursued.

Program B - PROTOTYPE DEVELOPMENT

The objective of this program is to support the design, development and construction of prototypes which contribute to urban bus technologies. The Prototype Development program will be tailored to the specific needs of each project and may include the fabrication of initial prototypes, testing, evaluation, redesign and other activities as deemed appropriate. For activities under this program, the participation of industry and other interested parties will be pursued.

Program C - PRODUCTION DESIGN AND DEMONSTRATION

The objective of this program is to support the design, development and demonstration of pre-production and production models of advanced urban bus technology. The Production Design and Demonstration program will be tailored to the specific needs of each project and may include product design (pre-production and final), design of production tooling, design of production facility, demonstration and other activities as deemed appropriate. For activities under this program, the participation of industry and other interested parties will be pursued.

Transit demonstration project or projects in Winnipeg would have three major functions: applied research into emerging energy-conserving bus technology would be undertaken with particular attention given to cold climate applications of this technology; a national showcase/demonstration for Canadian bus technology; and the potential tie-in between the demonstration project and the local bus manufacturing industry which could result in both expanded employment and production and increased export opportunities.

The nature of the demonstration activities will be determined by the technology to be demonstrated and tested and will be developed in consultation with industry to ensure commercial requirements are

addressed. The Southwest Transit Corridor area which would run from the CN station in the East Yards in downtown Winnipeg southwest to the University of Manitoba will be targeted for any demonstrations of the new urban bus technologies developed over the life of this Agreement.

Program D - MANAGEMENT, COMMUNICATION AND EVALUATION

The objective of this program is to provide the day-to-day administration and ongoing technical management expertise for the implementation of Programs A, B and C and to provide for public information and evaluation activities related to programs and projects under this Agreement.

Specific provision for program management is necessary to provide for the interaction process required to meet the objective of commercialization of advanced urban bus technologies. The participation by industry and other interested parties will be pursued.

For each development project to be undertaken under the Agreement, a project management structure will be required. The key requirement is flexibility to tailor the management requirements to the needs of each project. This will be undertaken through this program on the direction of the Management Committee.

The implementation of projects under this Agreement will be undertaken according to the following principles:

- Participation of Manitoba, national and international industry, both in consultation and financial roles, be pursued.

- Maximum utilization, to the extent possible and appropriate, be made of existing federal and provincial programs such as the Industrial and Regional Development Program of the Canada Department of Regional Industrial Expansion, programs of the National Research Council and the Manitoba Research Council. Agreement funds should be utilized only where existing programs do not apply or are inadequate to achieve the objectives of the Agreement.

- There be flexibility in terms of the amount and type of assistance provided and the conditions imposed. The forecast socioeconmic benefits of each project must justify the proposed expenditure.

- Economic benefits to Manitoba and Canada be maximized to the fullest extent practicable and feasible.

- Implementation responsibility for each project be determined by the Management Committee, consistent with the principle of equal partnership between Canada and Manitoba.

The communications component of this program will support appropriate public consultations, seminars, presentations, information transfer through such means as report publication and distribution, and other public information activities deemed necessary to achieve the objectives of the Agreement.

The evaluation component of this program provides for the mid-term review of the Agreement, for an evaluation to be undertaken upon completion of the Agreement and other evaluation activities deemed necessary by the Management Committee.

CANADA-MANITOBA SUBSIDIARY AGREEMENT ON URBAN BUS INDUSTRIAL DEVELOPMENT

SCHEDULE "B"

SUMMARY OF COSTS 1984-89
($000,000)

PROGRAMS	CANADA	MANITOBA	TOTAL
Program A: RESEARCH AND DEVELOPMENT	3.5	3.5	7.0
Program B: PROTOTYPE DEVELOPMENT	8.5	8.5	17.0
Program C: PRODUCTION DESIGN AND DEMONSTRATION	11.7	11.7	23.4
Program D: MANAGEMENT, COMMUNICATION AND EVALUATION	1.3	1.3	2.6
TOTAL	25.0	25.0	50.0